

# **LRBP CASH PROGRAM FUNDING BILL DRAFTS**

A Report Prepared for the  
**Legislative Finance Committee**

By  
Catherine Duncan

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# LRBP CASH PROGRAM FUNDING BILL DRAFTS

## INTRODUCTION

Funding for the long-range building program (LRBP) has been declining for over two decades in Montana and is now exceedingly inadequate. The funding inadequacy is primarily the result of declining revenues in the LRBP. Current LRBP funding is approximately 20 percent of the industry recommendation for major maintenance. The consequence of the ongoing funding inadequacy is a large and growing deferred maintenance backlog, estimated in the work of the subcommittee to be \$240 million. Growth in the building asset inventory and inflationary pressures that increase repair costs add stress to an already strained program, a program that will eventually be reduced to a level detrimental to the state's capital assets. Without changes in program funding, only the most urgent of needs, roof replacements and life safety projects, will be funded in the future.

In recognition of the LRBP funding inadequacy, the 2005 Montana Legislature appropriated a sum of money through HB 5 to fund a Legislative Finance Committee (LFC) subcommittee study of the funding inadequacy and the deferred maintenance backlog. The LFC followed through by appointing an interim subcommittee to analyze the problems and create proposals to address the issues. At the June 2006 LFC meeting, the subcommittee presented two proposals to the committee, and staff was directed to draft legislation for presentation at the October 2006 meeting. The two proposals include: 1) a rental surcharge assessed by agency based on number of square feet occupied and a renewal rate, developed for each building type and 2) a deferred maintenance endowment trust.

## RENTAL SURCHARGE

The first funding proposal, a rental surcharge, would address ongoing LRBP program costs. A rental surcharge is attractive to many legislators because it ties the cost of major maintenance to the space, in essence making the cost of major maintenance a component of agency rents. To develop the rental surcharge, staff created a building classification system of 12<sup>1</sup> types of buildings that are included in the eligible state building inventory. After classifying the state buildings, staff computed "renewal" rates for each of the building types. The rates were initially developed as total maintenance rates, based on industry recommendations and historical expenditures. The rates were then reduced by the amount of funding already provided for normal maintenance. Next, the rates were transformed into an average square foot cost. Finally, agency allocations were determined based on the product of the renewal rates and the square feet of occupancy.

The rental surcharge was devised (renewal rate \* square feet by building classification) as biennial allocations. The appropriation would be a new proposal in the general appropriation bill, and the funds would be appropriated directly to the agencies. The rates would be adjusted each biennium to account for inflation, at the rate matching the past two years of non-residential construction inflation. Additionally, each biennium the state building inventory would be updated for the changes in occupied agency space.

Figure 1 in the appendix shows the building classifications and the current square feet of occupancy by agency and building type. As seen in this figure, there are currently 9.9 million square feet of building space eligible for state funded capital maintenance. The tables in Figure 2 of the appendix show the major maintenance allocation rates by agency and per classification, both annually and biennially for the next five biennia. The calculations of the estimated cost are increased biennially by an average non-residential construction inflation rate of 3.9 percent. For these estimates, no consideration was given to growth in the actual building inventory.

This proposal would constitute a significant change in the way the program is funded. Current funding sources would be eliminated from the LRBP, replaced by the rental surcharge funds. Instead of making direct appropriations for each capital maintenance project, the program would bill agencies based on the same square

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<sup>1</sup> While 12 building types were designated, the state currently has only 11 of the 12 types.

footage rates used in the agency appropriation. The LRBP would operate as an internal service, and funds (obtained by the LRBP through an agency billing process) would be deposited into an internal service fund. The program would carry out operations similar to the functions of a private business. The legislature would retain oversight by conducting hearings on a prioritized project list, as is currently the case. The main difference between the current legislative functions and the legislative functions recommended in this proposal is projects would be approved by future legislatures rather than appropriated.

## **BILL DRAFT**

The bill draft for the rental surcharge proposal, LC 0184, includes language that would implement the rental surcharge in the 2011 biennium. The bill contains an effective date for “budgets adopted after July 1, 2008”. Legislative legal staff recommended a delayed implementation of the rental surcharge proposal because planning a budget for the LRBP in the 2009 biennium based on rental surcharges would not be possible before passage of the bill. The bill will not be passed and approved until the end of the 2009 session, after the budgets are established. LC 0184 establishes the LRBP as an internal state service and creates an internal service fund for operations. LC 0184 also eliminates all the current funding streams flowing into the LRBP.

Note: If LC 0184 is made law, the budget office would be required to establish the major maintenance rental surcharge rates in the general appropriation act of for the 2011 biennium. It is impossible to know if the budget office will recommend the rates established through the work of the subcommittee.

The specific elements of LC 0184 are as follows:

- Section 1 establishes the internal service fund
- Section 2 eliminates the LRBP distribution of 12 percent of the coal severance tax
- Section 3 eliminates the LRBP distribution of 2.6 percent of the cigarette tax
- Section 4 eliminates the LRBP account and designates internal service funds for building maintenance
- Section 5 eliminates the LRBP appropriation of energy cost savings earned through the State Building Energy Conservation Program
- Section 6 removes a reference to the LRBP distribution of the coal severance tax
- Section 7 eliminates an annual general fund distribution of \$665,000 for debt service on LRBP bond issues, established in the 1999 version of HB 14
- Section 8 is a saving clause
- Section 9 provides an applicability date of “budgets adopted after July 1, 2008”

## **DEFERRED MAINTENANCE ENDOWMENT TRUST**

The second proposal, a deferred maintenance endowment trust, could provide funding to slowly reduce the backlog of deferred maintenance. Interest earnings from the endowment trust would be used to fund maintenance projects included in the backlog. The executive budget office has stated their intent to provide a one-time distribution of \$30 million to the LRBP next biennium. The proposal would use the one-time distribution to initiate an endowment trust. Appropriations of 1 percent of the cost of all LRBP maintenance projects funded through the “cash” program and new buildings funded with donations would create growth in the principle of endowment trust. As seen in Figure 3, deposits of 1 percent would yield trust deposits of nearly \$300,000 in the 2011 biennium, growing to near \$400,000 over the next three biennia. Assuming an interest rate of 6.12 percent (the average five year rate of Montana bond earnings), the interest income available for backlogged deferred maintenance projects is around \$4 million each biennium.

Accompanying the deferred maintenance proposal was a request from subcommittee members that the endowment trust be created as a constitutional trust. A constitutional trust provides a heightened level of protection that is not available to a statutory trust. The trust would be first developed as a statutory trust and in the first election following the session, if the proposal is approved, a referendum would be put before voters to provide constitutional protection. The LFC agreed with this proposal.

## BILL DRAFTS

The long-range building deferred maintenance endowment trust is developed in LC 0185. LC 0185 creates an expendable trust, defines major capital project, requires a 1 percent appropriation to be deposited in the trust from major capital and major maintenance projects funded by cash or donations, and designates that the 1 percent deposit must be made prior to the completion of the project. The draft has an immediate effective date, while the requirement of a 1 percent appropriation of all capital maintenance projects would be effective on appropriations made after July 1, 2007.

The specific elements of LC 0185 are as follows:

- Section 1 establishes the long-range building deferred maintenance trust, requires that the trust principal may not be expended, details the types of deposits that may be made, and restricts the appropriation of interest and earnings only for the purpose of maintenance of buildings and state-owned property
- Section 2 defines “major capital project” and “major maintenance project”
- Section 3 requires an appropriation equal to 1 percent of all major capital projects and major maintenance projects funded with either cash or donations for deposit in the deferred maintenance trust
- Section 4 directs the codification
- Section 5 provides an effective date of “on passage and approval”
- Section 6 directs the applicability of the 1 percent appropriation made on major capital projects and major maintenance projects as after July 1, 2007

LC 0186 is a draft containing the constitutional initiative that will make the long-range building deferred maintenance trust a constitutional trust. This act would add the trust to the Montana constitution and would go before the voters in the November 2008 general election.

The specific elements of LC 0186 are as follows:

- Section 1 amends the Montana Constitution with the addition of the long-range building deferred maintenance trust fund and declares the purpose of the trust as maintenance of buildings and state-owned property
- Section 2 requires the amendment to be submitted to the voters in November 2008

## OUTCOMES

If approved, the drafts for the two proposals, the rental surcharge and the endowment trust, would provide sufficient funding for the ongoing major maintenance of state-owned buildings and provide funds to reduce the current deferred maintenance backlog. If the program were fully funded through the rental surcharge, the backlog of deferred maintenance projects would stop growing. The funded provided through the endowment trust, together with the current funding stream, would reduce the deferred maintenance backlog. However, the two proposals come at a significant cost to Montana’s general fund.

Figure 4 in the appendix shows total funding of the major capital maintenance program generated with these two proposals. The cost of the rental surcharge would be directly drawn from the general fund in the future general appropriation bills. While there will be no cost in the 2009 biennium, the net cost (total rental surcharge less current funds redirected to the general fund) to the general fund in the 2011 biennium is estimated at around \$25 million. This amount will increase each biennium as new space is added to the building inventory and as the cost of building maintenance increases through time. The future maintenance endowment trust would have a one-time cost to the general fund of \$30 million in the 2009 biennium.

## CONCLUSION

The LFC requested that staff draft legislation to implement the two LRBP funding proposals. Those drafts are before you now for your consideration and discussion. The two proposals would end the problems of funding inadequacy for the LRBP and provide a means to slowly reduce the deferred maintenance backlog. There is an on-going cost to the general fund of around \$25 million per biennium. That cost will grow as the amount of

space occupied by state agencies grows and as the cost of building maintenance grows. These drafts will provide a long term solution for the funding of the LRBP, and if passed and approved in the next session, the LRBP funding issue will not need to be visited by the legislature again.

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## **APPENDIX**

Figure 1

### Building Classifications and Square Feet of Building Occupation by Agency and Building Type

Montana State Building Classifications		
Building Classification	Code	Renewal Rate
Athletic Facilities	AF	2.08%
Student Unions/Dining Halls	D	2.30%
Medical Facilities	HN	2.59%
Correctional Facilities	J	3.47%
Basic Lab/Vacational Shop	LA-B	2.90%
Hi-Tech Laboratories	LA-H	3.76%
Monumental/Museum	MU	2.91%
Classroom/Office Buildings	O	2.16%
Parking Facilities	PKG	1.71%
Central Plants/Tunnels	PL	2.14%
Dormitory/Housing Units	R	2.21%
Warehouse/Storage Facilities	ST	2.73%

Current Square Feet of Occupancy by Agency (building values greater than \$100,000)												
Agency	Classification Codes											
	Square Feet of Occupation (LRBP Eligible Buildings) by Building Type and Agency											
	AF	D	HN	J	LA-B	LA-H	MU	O	PL	R	ST	Total
Board of Education	50,874	5,603			9,072			53,458	3,000	41,398		163,405
Administration						106,346	314,406	853,752	7,100	11,955	45,850	1,339,409
Agriculture					7,888							7,888
Corrections		21,481	14,341	675,988				76,145	14,524	5,803	77,340	885,622
Military Affairs								418,031			91,207	509,238
Natural Resources and Conservation								75,451			28,128	103,579
Public Health and Human Services	25,962	29,038	300,334	15,328				101,863	16,626	141,967	221,680	852,798
Revenue											91,781	91,781
Justice	8,764	14,000	2,016					18,340		45,723		88,843
Montana State University	115,872				1,105,725	271,218	95,463	1,365,424	34,324	33,627	109,108	3,130,761
University of Montana	43,085	0	0	0	879,447	0	36,394	1,557,456	86,553	21,034	62,963	2,686,932
Total Square Feet	244,557	70,122	316,691	691,316	2,002,132	377,564	446,263	4,519,920	162,127	301,507	728,057	9,860,256

Figure 2

**Five Biennia Rental Surcharge Cost Per Agency by Square Feet Occupancy of Building Type (LRBP Eligible Buildings)**

2009 Biennium														
Agency	AF	D	HN	J	LA-B	LA-H	MU	O	PL	R	ST	Total	Biennial Cost	
Annual Allocation Rate (Cost / SF)	\$0.79	\$1.31	\$1.89	\$3.18	\$1.92	\$3.68	\$5.45	\$1.22	\$0.78	\$0.72	\$0.77	\$1.74	\$3.48	
Board of Education	40,082	7,363	0	0	17,415	0	0	64,959	2,350	29,781	0	284,013	\$568,027	
Administration	0	0	0	0	0	390,898	1,712,845	1,037,428	5,562	8,600	35,189	2,328,021	4,656,041	
Agriculture	0	0	0	0	15,142	0	0	0	0	0	0	13,710	27,420	
Corrections	0	28,230	27,121	2,148,152	0	0	0	92,527	11,378	4,175	59,356	1,539,296	3,078,591	
Military Affairs	0	0	0	0	0	0	0	507,966	0	0	69,999	885,104	1,770,208	
Natural Resources and Conservation	0	0	0	0	0	0	0	91,684	0	0	21,587	180,030	360,060	
Public Health and Human Services	20,455	38,162	567,987	48,709	0	0	0	123,778	13,024	102,130	170,133	1,482,244	2,964,489	
Revenue	0	0	0	0	0	0	0	0	0	0	70,439	159,524	319,048	
Justice	6,905	18,399	3,813	0	0	0	0	22,286	0	32,893	0	154,418	308,835	
Montana State University	91,293	0	0	0	2,122,629	996,922	520,071	1,659,182	26,889	24,191	83,737	5,441,561	10,883,123	
University of Montana	33,946	0	0	0	1,688,249	0	198,270	1,892,527	67,803	15,132	48,322	4,670,144	9,340,288	
Total	\$192,681	\$92,155	\$598,921	\$2,196,861	\$3,843,435	\$1,387,820	\$2,431,186	\$5,492,337	\$127,006	\$216,902	\$558,763	\$17,138,066	\$34,276,132	
2011 Biennium														
Agency	AF	D	HN	J	LA-B	LA-H	MU	O	PL	R	ST	Total	Biennial Cost	
Annual Allocation Rate (Cost / SF)	\$0.85	\$1.42	\$2.04	\$3.43	\$2.07	\$3.97	\$5.88	\$1.31	\$0.85	\$0.78	\$0.83	\$1.88	\$3.75	
Board of Education	43,278	7,951	0	0	18,804	0	0	70,138	2,537	32,156	0	306,658	\$613,315	
Administration	0	0	0	0	0	422,064	1,849,408	1,120,141	6,005	9,286	37,994	2,513,631	5,027,262	
Agriculture	0	0	0	0	16,350	0	0	0	0	0	0	14,803	29,606	
Corrections	0	30,481	29,284	2,319,421	0	0	0	99,904	12,285	4,507	64,089	1,662,022	3,324,043	
Military Affairs	0	0	0	0	0	0	0	548,466	0	0	75,580	955,673	1,911,345	
Natural Resources and Conservation	0	0	0	0	0	0	0	98,993	0	0	23,309	194,384	388,768	
Public Health and Human Services	22,086	41,204	613,272	52,593	0	0	0	133,646	14,063	110,273	183,698	1,600,422	3,200,844	
Revenue	0	0	0	0	0	0	0	0	0	0	76,055	172,243	344,486	
Justice	7,455	19,866	4,117	0	0	0	0	24,062	0	35,515	0	166,729	333,458	
Montana State University	98,572	0	0	0	2,291,863	1,076,405	561,535	1,791,466	29,032	26,120	90,414	5,875,411	11,750,821	
University of Montana	36,652	0	0	0	1,822,851	0	214,078	2,043,416	73,209	16,338	52,175	5,042,489	10,084,979	
Total	\$208,043	\$99,502	\$646,672	\$2,372,014	\$4,149,868	\$1,498,469	\$2,625,021	\$5,930,234	\$137,132	\$234,195	\$603,312	\$18,504,463	\$37,008,927	
2013 Biennium														
Agency	AF	D	HN	J	LA-B	LA-H	MU	O	PL	R	ST	Total	Biennial Cost	
Annual Allocation Rate (Cost / SF)	\$0.92	\$1.53	\$2.20	\$3.70	\$2.24	\$4.29	\$6.35	\$1.42	\$0.91	\$0.84	\$0.89	\$2.03	\$4.05	
Board of Education	46,729	8,584	0	0	20,303	0	0	75,730	2,740	34,720	0	331,107	\$662,214	
Administration	0	0	0	0	0	455,715	1,996,859	1,209,449	6,484	10,026	41,023	2,714,040	5,428,080	
Agriculture	0	0	0	0	17,653	0	0	0	0	0	0	15,983	31,967	
Corrections	0	32,911	31,619	2,504,346	0	0	0	107,869	13,264	4,867	69,198	1,794,533	3,589,066	
Military Affairs	0	0	0	0	0	0	0	592,194	0	0	81,606	1,031,867	2,063,734	
Natural Resources and Conservation	0	0	0	0	0	0	0	106,886	0	0	25,167	209,882	419,764	
Public Health and Human Services	23,847	44,490	662,167	56,786	0	0	0	144,302	15,184	119,064	198,343	1,728,022	3,456,043	
Revenue	0	0	0	0	0	0	0	0	0	0	82,119	185,976	371,951	
Justice	8,050	21,450	4,445	0	0	0	0	25,981	0	38,347	0	180,022	360,045	
Montana State University	106,431	0	0	0	2,474,591	1,162,226	606,306	1,934,298	31,347	28,202	97,622	6,343,850	12,687,700	
University of Montana	39,574	0	0	0	1,968,185	0	231,146	2,206,336	79,046	17,641	56,335	5,444,521	10,889,042	
Total	\$224,630	\$107,435	\$698,230	\$2,561,132	\$4,480,732	\$1,617,940	\$2,834,311	\$6,403,045	\$148,066	\$252,867	\$651,414	\$19,979,802	\$39,959,605	



Figure 2 (cont.)

2015 Biennium														
Agency	AF	D	HN	J	LA-B	LA-H	MU	O	PL	R	ST	Total	Biennial Cost	
Annual Allocation Rate (Cost / SF)	\$0.99	\$1.65	\$2.38	\$4.00	\$2.42	\$4.63	\$6.86	\$1.53	\$0.99	\$0.91	\$0.97	\$2.19	\$4.38	
Board of Education	50,454	9,269	0	0	21,922	0	0	81,768	2,958	37,488	0	357,506	\$715,011	
Administration	0	0	0	0	0	492,048	2,156,067	1,305,877	7,001	10,826	44,294	2,930,427	5,860,854	
Agriculture	0	0	0	0	19,061	0	0	0	0	0	0	17,258	34,516	
Corrections	0	35,535	34,140	2,704,015	0	0	0	116,469	14,322	5,255	74,715	1,937,609	3,875,217	
Military Affairs	0	0	0	0	0	0	0	639,409	0	0	88,112	1,114,137	2,228,273	
Natural Resources and Conservation	0	0	0	0	0	0	0	115,408	0	0	27,173	226,615	453,231	
Public Health and Human Services	25,748	48,037	714,961	61,313	0	0	0	155,807	16,395	128,557	214,157	1,865,795	3,731,589	
Revenue	0	0	0	0	0	0	0	0	0	0	88,666	200,803	401,606	
Justice	8,692	23,160	4,799	0	0	0	0	28,052	0	41,404	0	194,375	388,750	
Montana State University	114,916	0	0	0	2,671,887	1,254,889	654,646	2,088,517	33,846	30,451	105,405	6,849,638	13,699,275	
University of Montana	42,730	0	0	0	2,125,106	0	249,575	2,382,244	85,348	19,047	60,826	5,878,606	11,757,212	
Total	\$242,540	\$116,001	\$753,900	\$2,765,328	\$4,837,975	\$1,746,937	\$3,060,287	\$6,913,552	\$159,871	\$273,028	\$703,350	\$21,572,768	\$43,145,536	
2017 Biennium														
Agency	AF	D	HN	J	LA-B	LA-H	MU	O	PL	R	ST	Total	Biennial Cost	
Annual Allocation Rate (Cost / SF)	\$1.07	\$1.79	\$2.57	\$4.32	\$2.61	\$5.00	\$7.40	\$1.65	\$1.06	\$0.98	\$1.04	\$2.36	\$4.72	
Board of Education	54,477	10,008	0	0	23,669	0	0	88,287	3,194	40,477	0	386,009	\$772,019	
Administration	0	0	0	0	0	531,279	2,327,967	1,409,993	7,559	11,689	47,826	3,164,066	6,328,133	
Agriculture	0	0	0	0	20,580	0	0	0	0	0	0	18,634	37,267	
Corrections	0	38,369	36,861	2,919,603	0	0	0	125,755	15,464	5,674	80,672	2,092,092	4,184,184	
Military Affairs	0	0	0	0	0	0	0	690,389	0	0	95,137	1,202,966	2,405,931	
Natural Resources and Conservation	0	0	0	0	0	0	0	124,609	0	0	29,340	244,683	489,366	
Public Health and Human Services	27,801	51,867	771,964	66,202	0	0	0	168,229	17,702	138,807	231,232	2,014,552	4,029,105	
Revenue	0	0	0	0	0	0	0	0	0	0	95,736	216,813	433,626	
Justice	9,385	25,006	5,182	0	0	0	0	30,289	0	44,705	0	209,873	419,745	
Montana State University	124,078	0	0	0	2,884,913	1,354,939	706,840	2,255,032	36,545	32,879	113,809	7,395,751	14,791,502	
University of Montana	46,136	0	0	0	2,294,538	0	269,473	2,572,178	92,153	20,566	65,676	6,347,300	12,694,601	
Total	\$261,877	\$125,249	\$814,007	\$2,985,804	\$5,223,701	\$1,886,218	\$3,304,280	\$7,464,761	\$172,617	\$294,796	\$759,427	\$23,292,739	\$46,585,478	

Figure 3

<b>Maintenance Endowment Trust (\$30 Million OTO Funds and 1% of Program Projects)</b> <b>(earnings to reduce backlog of deferred maintenance backlog)</b>							
<b>FY</b>	<b>Corpus</b>	<b>Future Funding Biennial Deposit - by Surcharge</b>	<b>Total Corpus</b>	<b>Interest Earnings</b>	<b>Annual Corpus with Interest</b>	<b>Interest Use</b>	<b>New Corpus</b>
2008	\$30,000,000	\$0	\$30,000,000	6.12%	\$31,836,000		\$31,836,000
2009	31,836,000	0	31,836,000	6.12%	33,784,363		33,784,363
2010	33,784,363	0	33,784,363	6.12%	35,851,966	4,015,966	31,836,000
2011	31,836,000	290,000	32,126,000	6.12%	34,092,111		34,092,111
2012	34,092,111	0	34,092,111	6.12%	36,178,548	4,342,548	31,836,000
2013	31,836,000	320,000	32,156,000	6.12%	34,123,947		34,123,947
2014	34,123,947	0	34,123,947	6.12%	36,212,333	4,376,333	31,836,000
2015	31,836,000	350,000	32,186,000	6.12%	34,155,783		34,155,783
2016	34,155,783	0	34,155,783	6.12%	36,246,117	4,410,117	31,836,000
2017	31,836,000	380,000	32,216,000	6.12%	34,187,619		34,187,619

**Assumptions:**

\$30,000,000 One time only money deposited into a future major capital maintenance trust

1.00% Biennial deposits of 1 percent of the major capital maintenance projects  
and funded through rental surcharge

\* All projects construction/maintenance projects are included

\* Donated projects not included in this estimate

3.91% Average non-residential building inflation applied as growth rate for bonded program

6.12% Average Interest Earned over past five years on the trust fund bond pool

100% of interest earnings used for deferred maintenance projects

\*for example: interest earnings for the 2011 biennium withdrawn from trust at beginning  
of FY 2010

Figure 4					
<b>Long-Range Building Program Account (05007)</b>					
Fund Balance Projections for Five Biennia					
Biennium	2009	2011	2013	2015	2017
Beginning Fund Balance	\$0	\$0	\$0	\$0	\$0
LRBP Revenues:					
<u>Proposal to Return Funds to General Fund</u>					
Cigarette Earnings	\$3,548,028	\$3,365,929	\$3,193,176	\$3,029,290	\$2,873,815
Coal Tax Earnings	7,650,000	7,445,000	7,240,000	7,035,000	6,830,000
General Fund Debt Service Transfer	1,330,000	1,330,000	1,330,000	1,330,000	1,330,000
Energy Conservation Savings	159,741	159,741	159,741	159,741	159,741
	\$12,687,769	\$12,300,670	\$11,922,917	\$11,554,031	\$11,193,556
<u>Proposed Program Funding</u>					
* Agency Based Rental Surcharge	N/A	\$37,008,927	\$39,959,605	\$43,145,536	\$46,585,478
* Biennial Endowment Trust Interest		4,015,966	4,342,548	4,376,333	4,410,117
Supervisory Fees and Interest Earnings		351,740	379,784	410,064	442,757
Total LRBP Revenues:		\$41,376,633	\$44,681,937	\$47,931,933	\$51,438,353
General Fund Cost of Agency Surcharge		\$37,008,927	\$39,959,605	\$43,145,536	\$46,585,478
Current Funding Returned to General Fund		12,300,670	11,922,917	11,554,031	11,193,556
General Fund Cost, Proposed Rental Surcharge		\$24,708,257	\$28,036,687	\$31,591,505	\$35,391,923
Total Major Capital Maintenance Revenues:	N/A	\$41,376,633	\$44,681,937	\$47,931,933	\$51,438,353
Major Capital Maintenance Expenditures:					
Program Administration		(\$2,855,335)	(\$2,989,536)	(\$3,131,121)	(\$3,279,413)
Debt Service Costs		(5,851,823)	(5,578,400)	(5,582,739)	(5,603,878)
Deposits to Endowment Trust		(290,000)	(320,000)	(350,000)	(380,000)
Deferred maintenance backlog reduction		(3,877,888)	(3,957,211)	(4,037,536)	(4,118,873)
Total LRBP Expenditures:		(\$12,875,046)	(\$12,845,148)	(\$13,101,397)	(\$13,382,165)
Total Available Project Funds:		\$28,501,587	\$31,836,789	\$34,830,536	\$38,056,188
<b><u>Total Cost to General Fund</u></b>					
* Agency Based Rental Surcharge	N/A	\$37,008,927	\$39,959,605	\$43,145,536	\$46,585,478
* General Fund One-Time Only Transfer	30,000				
Current Funding Returned to the General Fund	0	(12,300,670)	(11,922,917)	(11,554,031)	(11,193,556)
Net Cost to General Fund	\$30,000	\$24,708,257	\$28,036,687	\$31,591,505	\$35,391,923
<b>Assumptions:</b>					
* New funding proposal					
The projects of all state eligible buildings are administered in the LRBP					
All agency appropriations are expended					
LRBP current revenues are eliminated. Previous maintenance distributions will flow to general fund					
Endowment Trust Interest earnings are based on the previous assumptions and earnings will not be drawn until the 2011 biennium					
The LRBP is responsible for all outstanding debt service					
Coal tax revenues decline at a rate of \$100,000 per year					
Energy conservation savings are equal to the projected deposits of the 2005 biennium					
Supervisory fees increase at the same rate as non-residential building construction, 3.91% annually					
No additional FYI will be added to the LRBP					
Administrative costs increase at a rate of 4.7% per biennium					
Total available project funds are all revenues less all expenditures					
Agency major maintenance is reduced by 1% cost of the future maintenance endowment trust appropriation					